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American Recovery and Reinvestment Act: Helping Workers Hurt by the Recession

In this economic crisis, high unemployment and rising costs have put a huge strain on many American families. The American Recovery and Reinvestment Act contains a series of provisions to help, including helping workers train and find jobs, extending unemployment benefits, and increasing food stamp benefits. Not only will these steps provide relief to American families, they will help jumpstart our economy as these funds are spent quickly and have the most “bang for the buck” in creating jobs and spurring economic growth.

“Increased income support has been part of the federal response to most recessions, and for good reason. It is the most efficient way to prime the economy’s pump. ... Every dollar spent on UI benefits generates an estimated \$1.63 in near-term GDP. Boosting food stamp payments by \$1 increases GDP by \$1.73. People who receive these benefits are hard-pressed and will spend any financial aid they receive very quickly.” (Chief Economist Mark Zandi of Moodys.com, 1/21/09)

Extending and Improving Unemployment Benefits

- Continues through December 2009 the extended unemployment benefits program (which provides up to 33 weeks of extended benefits), that is otherwise scheduled to begin to phase out at the end of March 2009 – thereby helping an additional 3.5 million jobless workers.
- Increases unemployment benefits for 20 million jobless workers by \$25 per week, and encourages states to modernize their UI systems to keep up with the changing workforce with expanded coverage.
- Every dollar in unemployment benefits creates at least \$1.63 in economic activity, according to chief economist Mark Zandi of Moodys.com.

Increasing Food Stamp Benefits

- Increases food stamp benefits by over 13% to help offset rising food costs for more than 31 million Americans, half of whom are children.
- Every dollar in food stamps creates at least \$1.73 in economic activity, according to chief economist Mark Zandi of the Moodys.com.

Increasing Other Food Assistance

- Provides \$726 million for Afterschool Meals to increase the number of states that provide free healthy dinners to children in need.
- Provides \$200 million for Emergency Food and Shelter to help local community organizations provide food, shelter, and support services for the nation’s hungry and homeless and for people in economic crisis.
- Provides \$200 million for formula grants to states for elderly nutrition services including Meals on Wheels and Congregate Meals.
- Provides \$150 million for the Emergency Food Assistance Program to purchase commodities for food banks to refill emptying shelves.

Providing Health Insurance for Unemployed Workers

- Provides a new temporary subsidy for COBRA premiums to enable people who have been involuntarily terminated from their jobs to maintain the coverage they had through work. Specifically, provides a 65 percent federal subsidy for COBRA continuation premiums for up to 12 months.
- Recognizing that not all workers are eligible for COBRA, also provides states the temporary option of offering coverage to unemployed workers through their Medicaid programs, with the federal government matching 100 percent of the costs of benefits and administration.
- Also provides that COBRA-eligible workers who are 55 or older, or have worked for an employer for 10 years or more, can extend their COBRA coverage, at their own expense, until they become Medicare-eligible at age 65 or secure coverage through a subsequent employer.
- As millions of people are losing their jobs in this recession, they are also losing their health insurance. The nonpartisan CBO estimates that this package would help 8.5 million people keep health care coverage for themselves and their families.

Helping Workers Find Jobs

- Training and Employment Services: Provides \$4 billion for job training including formula grants for adult job training, dislocated worker job training, and youth services (including \$1.2 billion to create up to one million summer jobs for young people).
- Vocational Rehabilitation State Grants: Provides \$500 million for state formula grants to help persons with disabilities prepare for gainful employment.
- Employment Services Grants: Provides \$500 million to match unemployed individuals to job openings through state employment service agencies and allow states to provide customized services.
- Community Service Employment for Older Americans: Provides \$120 million to provide subsidized community service jobs to an additional 24,000 low-income older Americans.

Increasing SSI Benefits

- Provides 7.5 million blind, disabled and aged Americans an immediate \$450 (\$650 per couple) through temporarily increasing Supplemental Security Income (SSI) benefits.

Increasing Low-Income Home Energy Assistance (LIHEAP)

- Provides \$1 billion to help low-income families pay for home heating and cooling at a time when more and more families are struggling to make ends meet.

Expanding Housing Assistance

- Increases support for several critical housing programs, including providing \$4.2 billion for the Neighborhood Stabilization Program to help communities purchase and rehabilitate foreclosed, vacant properties in order to create more affordable housing and reduce neighborhood blight; \$1.5 billion for the Emergency Shelter Grant program to provide short-term rental assistance, housing relocation and stabilization services for families during the economic crisis; and \$500 million to support the Rural Housing Insurance Fund.

Restoring Child Support Enforcement Funding

- In 2006, legislation cut federal funding for child support enforcement by precluding states from receiving federal matching funds when reinvesting incentive funding for the program. This bill would help tens of thousands of families by suspending this change in FYs 2009 and 2010, thereby restoring full federal funding for collecting child support owed to families.